

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN WATER )  
COMPANY FOR AN ORDER AUTHORIZING THE )  
ISSUANCE AND SALE OF ITS GENERAL )  
MORTGAGE BONDS, 9.83% SERIES, DUE )  
NOVEMBER 1, 2000, IN THE PRINCIPAL )  
AMOUNT OF \$4,000,000 AND FOR THE )  
ISSUANCE AND SALE OF 99,679 SHARES OF )  
ITS COMMON STOCK FOR A CONSIDERATION )  
OF \$2,800,000 )

CASE NO. 90-296

O R D E R

On September 26, 1990, Kentucky-American Water Company ("Kentucky-American") filed its application seeking authority to issue and sell \$4,000,000 of its general mortgage bonds at 9.83 percent interest and 99,679 shares of its authorized but unissued (no par value) common stock for a consideration of \$2,800,000. The \$6,800,000 in proceeds will be used to repay short-term bank debt at the date of closing (expected to be mid-November), which debt was in the amount of \$1,010,606 as of June 30, 1990, and was incurred to fund construction; to fund 1990 sinking fund obligations in the amount of \$168,000; to pay the cost of issuance estimated to be \$55,000; and to assist in funding ongoing construction projects as reflected in Appendix A. The proposed bonds are to be sold to The Minnesota Mutual Life Insurance Company and the proposed shares of stock are to be sold to American Water Works Company, Inc.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed issuance and sale by Kentucky-American of \$4,000,000 of its general mortgage bonds at 9.83 percent interest and 99,679 shares of its common stock for a consideration of \$2,800,000 are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Kentucky-American be and it hereby is authorized to issue and sell \$4,000,000 of its general mortgage bonds at 9.83 percent interest and 99,679 shares of its common stock for a consideration of \$2,800,000.

2. Kentucky-American shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

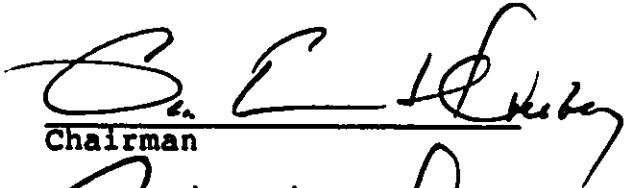
3. Kentucky-American shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

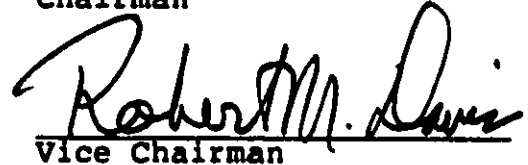
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

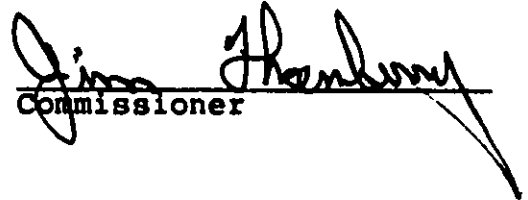
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 30th day of October, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

# APPENDIX A

## APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-296 DATED 10/30/90

### SCHEDULE OF THE INTENDED USE AND APPLICATION OF THE PROCEEDS OF THE ISSUANCE AND SALE OF SECURITIES

Total Proceeds	\$6,800,000
Applied to:	
Repayment of Short-Term Debt	1,010,606
1990 Sinking Fund Requirements	168,000
Estimated Issuance Costs	<u>55,000</u>
Balance to Treasury for Construction	\$5,566,394

### CONSTRUCTION

	Actual Jan-June	Estimated July-Dec	Total
1989 Routine Construction Contin- ued in 1990	\$ 24,600	\$ 310,250	\$ 334,850
Routine Construction	1,895,147	2,837,743	4,732,890
<u>1990 Construction:</u>			
Georgetown Bypass Relocation	-0-	221,300	221,300
Replace Mains, Cox St. 20" & 16"	220,282	23,311	243,593
Replace & Install Valves, KRS	12,721	28,279	41,000
Raw Water Pump Replace - Design	117,028	101,972	219,000
C.P.S. Update	1,031	29,969	31,000
KRS, Replace Instruments	130,843	545	131,388
KRS, Replace (8) Valves	34,518	1,000	35,518
Chlorine Scrubber Design, RRS	1,327	10,673	12,000
Rehab (2) Filters, KRS	175,288	24,612	199,900
Design Chem Feed Bldg., KRS	15,778	134,222	150,000
Easements, 20" Brannon Road	26,886	63,114	90,000
Install 12" Tates Creek/Montclair	-0-	60,000	60,000
Replace Diesel "F", Res #4	67,500	-0-	67,500
Pumped Storage, Land Purchase	10,678	26,500	37,178
Construct 12" U.S. 460, Scott Co.	148,043	-0-	148,043
Construct 12" Hill Road	138,553	-0-	138,553
Kentucky River Aquatic Study	16,206	268,794	285,000
Evaluate Sources of Supply	117,839	136,161	254,000
Residuals Mgmt. & Process Opt.	2,000	115,122	117,122

(continued on next page)

Richmond Road Station			
Improvements	26,403	183,597	210,000
Design Richmond Road Station			
Expansion	26,516	113,484	140,000
Newtown Bridge and Road Relocation	-0-	189,000	189,000
Construct Raw Water System			
Improvements	-0-	463,000	463,000
Design Raw Water Transfer Pump			
Facilities	-0-	60,000	60,000